

November 1, 2005

**MORTGAGEE LETTER 2005-44**

**TO: ALL APPROVED MORTGAGEES  
ALL HUD-APPROVED HOUSING COUNSELING AGENCIES**

**SUBJECT: Home Equity Conversion Mortgage (HECM) Program – Expanded  
National HECM Counseling Network**

The purpose of this Mortgagee Letter is to announce an expanded network of HECM counselors approved by the Department of Housing and Urban Development (HUD) to provide face-to-face and telephone HECM counseling nationally.

Increasing demand for HUD's HECM product by senior citizens, the fastest growing segment of the population, has put pressure on the counseling industry to meet the demand for the required counseling. Specifically, this Mortgagee Letter expands the network of counselors permitted to provide face-to-face and telephone HECM counseling nationally in order to meet the growing demand for this specialized counseling.

**National HECM Counseling Network**

To make sufficient quality HECM counseling available, HECM counselors from the National Foundation for Credit Counseling (NFCC) and Money Management International (MMI) are now permitted to provide face-to-face and telephone counseling nationally. NFCC and MMI are high performing HUD-approved national housing counseling intermediaries that administer HUD housing counseling funds and significant leveraged resources through affiliates and branches with strong experience in providing quality HECM counseling. Previously, Mortgagee Letter 2004-25 authorized specific organizations and organization types to provide telephone HECM counseling, and outlined the specific conditions applicable to each organization. Fannie Mae, for example, can provide telephone counseling services to potential HECM borrowers in situations where there are no HUD-approved counseling agencies within 50 miles of the potential borrower's home, and a handful of other circumstances. By contrast, Mortgagee Letter 2004-25 made clear that the AARP Foundation Network of HECM counselors was the only entity permitted by HUD to provide telephone counseling with no special conditions or limitations. This Mortgagee Letter extends that status to NFCC and MMI. Now, any potential HECM borrower, located anywhere in the country and under any circumstances, may receive telephone counseling from a HECM counselor from NFCC, MMI or the AARP Foundation.

### Toll-Free Telephone Numbers

Consumers can access these three entities through the following toll-free numbers, which will also be listed on HUD's website:

National Foundation for Credit Counseling (NFCC) – 1-866-698-6322

Money Management International (MMI) – 1-877-908-2227

AARP - 1-800-209-8085

### **Continued Expansion of the Network**

To ensure the long-term availability and accessibility of high quality HECM counseling, both face-to-face and via telephone, HUD intends to continue to expand this new network of HECM counselors approved by HUD to provide face-to-face and telephone HECM counseling nationally. HUD plans to establish an FHA Roster of National HECM Counselors consisting of counselors from HUD-approved housing counseling agencies, sub-grantees and branches of HUD-approved housing counseling intermediaries, and sub-grantees of State Housing Finance Agencies (SHFAs) that successfully pass a HECM counseling exam administered by HUD. All trained and tested HECM counselors will be eligible to provide HECM counseling nationwide face-to-face or by telephone. It is HUD's intention to offer the exam on a continuous basis, beginning in early 2006, through testing centers across the country.

### HECM Lender Activities Allowed Prior to Counseling

Because there is currently not enough accessible HECM counseling to meet the growing demand, a growing number of potential HECM borrowers are unable to receive HECM counseling in a timely manner. The expanded National Network of HECM Counselors described in the Mortgagee Letter is designed to make quality HECM counseling more available in order to not delay the process unnecessarily. To further ensure that HECM loans can be closed in a timely manner, this Mortgagee Letter also imposes a moratorium on the provisions in Mortgagee Letter 2004-25 prohibiting mortgagee activities prior to counseling. As of the publication date of this Mortgagee Letter, through December 31, 2005, HECM lenders may begin the process of originating a HECM loan, including ordering an appraisal, title search, or an FHA case number, before the potential mortgagor completes the required counseling and the HECM lender is in receipt of a signed and dated counseling certificate. Beginning January 1, 2006 the temporary moratorium expires and the provisions in Mortgagee Letter 2004-25 related to mortgagee activities prohibited prior to counseling go back into effect.

The moratorium does not apply to related fees. Although the HECM lender may process the application, appraisal fees, and fees for any other HECM-related services may not be charged to the prospective HECM borrower until the counseling is completed and the loan is closed.

The procedures stated in this Mortgage Letter take effect immediately. All other HUD HECM counseling guidelines and provisions not superceded by this Mortgage Letter, including those regarding what must be covered in a HECM counseling session, and others contained in Mortgage Letters 2004-25 and 2004-48, remain in effect.

If you have any questions regarding this Mortgage Letter, please contact your local Homeownership Center (HOC) in Atlanta (888-696-4687), Denver (800-543-9378), Philadelphia (800-440-8647), or Santa Ana (888-827-5605).

Sincerely,

Brian D. Montgomery  
Assistant Secretary for Housing-  
Federal Housing Commissioner